

PART 4 – THE BUSINESS OPPORTUNITY

A. INTRODUCTION

Reclamation is requesting proposals from interested parties for development, management and operation of seven concession areas at Lake Berryessa, Solano Project, Napa County, California. This request is in preparation and advance of the expiration of seven existing individual concession contracts at Lake Berryessa. Potential offerors have multiple options on deciding whether to apply for a single individual concession opportunity or a combination including all seven (*See PART 3 – Section K for more details*).

Lake Berryessa is the operating reservoir for Reclamation's Solano Project. Lake Berryessa is located in northeastern Napa County, among the hilly-to-steep slopes of the California Coast Range. It is a 1½-hour drive from Sacramento, a 2 to 3-hour drive from various locations in the San Francisco Bay metropolitan area, and a 1-hour drive from the town of Napa and the Napa Valley. It is served by State Highways 121 from Napa to the south and 128 from Winters (Sacramento and Interstate 5) to the east. Within this 2½ to 3-hour driving distance there are 8 to 10 million people. Lake Berryessa is the largest freshwater body of water within the proximity to Sacramento and the San Francisco Bay Area.

Lake Berryessa is oriented on the map from northwest to southeast and is 26 miles long by 3 miles wide, with 165 miles of shoreline. There is essentially a west and east shore; all seven of the current concession operations are located on the west shore while the east shore is wholly undeveloped with several large private ranch areas bordering Reclamation lands along the shoreline. The total shoreline of Lake Berryessa is within the ownership of Reclamation. There are a few areas on the west shore with private property development within view of the lake. Please view photos on the Lake Berryessa Prospectus web site at <http://www.usbr.gov/mp/berryessa/prospectus.html>.

Lake Berryessa and the area surrounding it are physically attractive and provide scenic vistas to users both on the shore and from the lake. With the exception of the concession developments and a few small private housing areas, there is no development that impedes or detracts from the views and the general ambiance of being in a remote recreational area. There is an abundance of wildlife at Lake Berryessa and fishing for trout and bass is considered very good.

Some History – In 1948, construction of Lake Berryessa was authorized as part of Reclamation's Solano Project. The Solano Project was authorized for agricultural water supply, municipal and industrial water supply along with incidental flood control benefits. The primary project facility was Monticello Dam, constructed on Putah Creek in 1957. The seven existing concession operations were all authorized to begin operations in 1958 and 1959. These are the same contracts, with one exception, that are now expiring in 2008/2009. The exception is Pleasure Cove which was actually terminated in 2004 and currently operates under an interim contract that will expire on December 1, 2007.

For reference, the following list indicates the expiration date (beginning with the earliest and ending with the latest) of each of the seven concession contracts at Lake Berryessa:

- Pleasure Cove Marina (expires December 1, 2007)
- Rancho Monticello Resort (expires June 15, 2008)
- Spanish Flat Resort (expires July 13, 2008)
- Putah Creek Resort (expires August 13, 2008)
- Berryessa Marina Resort (expires August 13, 2008)
- Steele Park Resort (expires May 26, 2009)

- Markley Cove Resort (expires May 26, 2009)

In the nearly 50 years since the current contracts were established, the concession contractors have focused for the most part on the establishment and management of large, long-term trailer villages. Currently apportioned among six of the seven concession areas are approximately 1,200 trailers. This type of use and these specific installations that provide approximately 50 percent of the total revenue for the current concession contractors will be terminated and must be removed no later than the last day of the subject concession contracts (does not apply to Pleasure Cove as trailers and dependence upon their revenue have already been removed). The future business models for Lake Berryessa will not include this private exclusive use which is in conflict with current Reclamation concession policy. The elimination of this use type and the availability of acreage within the concession areas that is no longer committed to trailers will make available some of the best shoreline areas (in the areas open for development and assigned for concession use) for new development of short-term commercial recreation and support facilities. New development anticipated as outlined in recent planning documents includes:

- Lodging (i.e., cabins, motels, lodges, cottages)
- Food & Beverage
- Houseboat Rentals
- Small Boat Rentals
- RV Parks
- Camping
- Retail Facilities
- Marina Facilities
- Dry Boat Storage

There are also existing short-term facilities at all locations that range in age from nearly 50- to 5-years-old. We recommend visiting the following web site for additional detailed information on the existing facilities including a condition assessment analysis (“Environmental Compliance and Facility Condition Assessment Report”) <http://www.usbr.gov/mp/berryessa/prospectus.html>.

Throughout the Prospectus, there are suggestions to review the “Environmental Compliance and Facility Condition Assessment Report” at the Lake Berryessa web site (<http://www.usbr.gov/mp/berryessa/prospectus.html>). This report was contracted by Reclamation and accomplished as a part of the planning process in advance of a Final EIS and ROD preceding this Prospectus. There is a significant amount of information available in this report regarding the physical condition of the concession facilities at Lake Berryessa. The report was finalized in December 2002, and some conditions have changed at some concession locations. Various improvements or corrections occurred as a result of the report, but many of the situations remain the same. Offerors should use the “Environmental Compliance and Facility Condition Assessment Report” as a reference and investigate through formal questions or on-site observations any particular concerns that would impact their proposal(s).

As a part of their proposal package, offerors will suggest which facilities they prefer to remain into the new contracts. New concession contractors will be required to purchase from the current concession contractors any facilities that are desired, and approved by Reclamation, for use into the next contract

term. Please review PART 3 – Section L and Section 4 of this PART 4 of the prospectus for more detailed information on issues concerning existing facilities.

Even with the stipulated removal of the nearly 1,200 private trailers, the existing concession operations at Lake Berryessa offer a wide variety of public facilities and services to include:

- Lodging (i.e., cabins, motels, cottages)
- Food & Beverage Operations
- Limited Houseboat Rentals
- Small Boat Rentals
- RV Sites
- Campgrounds
- Retail Facilities
- Marina Facilities
- Dry Storage Areas

This grouping of facilities appears the same as the earlier list that outlined opportunities for new facilities and services; however, many of the existing short-term facilities are dated and do not compete well with other locations throughout Northern California offering the same services and support facilities. Some facilities at Lake Berryessa, most notably marinas, are not as dated and would match up competitively with most other operations. Furthermore, with the removal of the long-term private trailers, substantial areas primarily in preferred lakeside view locations will be available for concession contractors to utilize and develop for the short-term uses identified above. It is extremely important for offerors to evaluate the existing facilities at the location(s) they are interested in submitting a proposal(s) upon for the provision of concession contractor services.

Following is a non-detailed listing by location of the existing facilities and services provided. Following the data on each location is a map indicating how the sites are laid out. More detail can be viewed by visiting the Lake Berryessa web site at <http://www.usbr.gov/mp/berryessa/prospectus.html> and reviewing the extensive “*Environmental Compliance and Facility Condition Assessment Report, Seven Concession Areas, Lake Berryessa, California*” prepared by Kleinfelder. Further detail on each location can also be viewed at the same web site by opening the individual “*Concession Rate Packages*.” The occupancy percentages indicated in the following list were provided by the individual concession contractors in 2005 as part of the information requested by Reclamation for the Rate Comparability Study.

Markley Cove Facilities

- Lodging – None
 - Camping (RV and/or Campground) – None
 - Food & Beverage – See Retail Outlet
 - Marina
 - Houseboat Rental – None
 - Infrastructure – (See “Environmental Compliance and Facility Condition Assessment Report”)
 - Motor/Ski Boat Rental – A few fishing motorboat rentals
 - Slip Rental – 256 slips for rent with 154 of them covered, 100 percent occupancy, slips/docks are 2 to 8 years old, no utilities available for slips but there is a sewage pumpout station
 - Marine Fuel – Yes
 - Marina Store – Yes
 - Dry Storage – Yes, limited
 - Launch Ramp – Yes
 - Retail Outlet – Yes, a fairly new store (gifts, snacks, boating supplies)
- Infrastructure – (See “Environmental Compliance and Facility Condition Assessment Report”)
- Water – Provide own from Lake.
 - Sewer – Ponds on the hill and pump station
 - Electricity – Commercial
 - Parking – There is a small/medium sized at the boat ramp
 - Roadways – Few roads, mostly to serve trailer area once beyond marina

Footprint available from departing private trailers – Markley Cove has a small number of trailers (49) in comparison to most of the other concession operations. The area devoted to trailers is very steep but with good views of the cove.

General information applicable to future use – Markley Cove is the smallest concession operation on Lake Berryessa. Because of the topography, it has limited opportunity for additional development beyond the store and marina operations.

Please visit the following website <http://www.usbr.gov/mp/berryessa/prospectus.html> and under the heading for MAPS find the maps that correspond to Markley Cove. These maps present how the current concession operation is situated.

Pleasure Cove Facilities

- Lodging – None
- Camping (RV and/or Campground) – 150 campsites, 15 w/partial hookups
- Food & Beverage – See Retail Outlet
- Marina
 - Houseboat Rental – A few large units for rent
 - Motor/Ski Boat Rental – Yes
 - Slip Rental – 88 rental slips, 44 are covered – 56 are 3 yrs old and 32 are 20 years old
 - Marine Fuel – Yes
 - Marina Store – Yes (see Retail Outlet)
- Dry Storage – Limited
- Launch Ramp – Yes
- Retail Outlet – Yes, this is in conjunction with a marina store (provides some snack items, groceries, boating supplies, and gifts)
- Infrastructure – (See “Environmental Compliance and Facility Condition Assessment Report”)
 - Water – Treat and provide their own water
 - Sewer – Ponds on the hill and pump station
 - Electricity – Commercial
 - Parking – Available in various locations
 - Roadways – Yes

Footprints available from departing private trailers – Over the last several years, the private trailers at Pleasure Cove have been removed with a couple of exceptions that will be gone before expiration. Most of the use was adjacent to the lake and provides outstanding views and new commercial possibilities. The ‘Outback’ area meanders along the lakeshore for more than ½ mile. The area has not been used for 3 years and has been successfully restored to a more natural condition.

General information applicable to future use – There is potential at Pleasure Cove to upgrade camping and RV use and the marina operation.

Please visit the following website <http://www.usbr.gov/mp/berryessa/prospectus.html> and under the heading for MAPS find the maps that correspond to Pleasure Cove. These maps present how the current concession operation is situated.

Steele Park Facilities

- Lodging – 24 motel rooms and 16 cottages – approximately 70 percent occupancy from Memorial Day through Labor Day
- Camping – 62 RV sites (14 w/partial hook-ups) with approximately 75 percent occupancy Memorial Day through Labor Day – No Tent Camping Area
- Food & Beverage – Counter service fast food open every day and full-service restaurant open part time
- Marina
 - Houseboat Rental – None
 - Motor/Ski Boat Rental – Several patio boat rentals – No motorboats
 - Slip Rental – 182 slips, 132 are covered – 11to 13-years-old – 100 percent occupancy
 - Marine Fuel – Yes
 - Marina Store – Yes
 - Dry Storage – Yes, including enclosed garages
 - Launch Ramp – Yes
- Retail Outlet – Groceries, boating supplies and general minor retail.
- Infrastructure – (See “Environmental Compliance and Facility Condition Assessment Report”)
 - Water – Commercial (See comments below)
 - Sewer – Commercial (See comments below)
 - Electricity – Commercial
 - Parking – Yes
 - Roadways – Yes

Footprint available from departing private trailers – Most trailers are located on a hill area away from the lakeshore that will become available for new uses. There are also several mobile home sites located adjacent to the lakeshore that will provide opportunities for public use. There are a total of approximately 143 trailers currently located at Steele Park.

General information applicable to future use – With Steele Park’s already existing motel and cottage rooms, the existing Food & Beverage facilities, garage storage units, and marina facilities, it is well-positioned to begin operations under a new contract. There will be adequate space to expand lodging and/or RV facilities. The floating marina facilities adjacent to the launch ramp do need some upgrades, especially for accessibility and transition between walking surfaces while on the dock. Other facilities at Steele Park may have applicable use depending upon the proposals from individual offerors.

Please visit the following website <http://www.usbr.gov/mp/berryessa/prospectus.html> and under the heading for MAPS find the maps that correspond to Steele Park. These maps present how the current concession operation is situated.

Spanish Flat Facilities

- Lodging – 16 Park Model Cabins – 82 percent occupancy from Memorial Day through Labor Day
- Camping (RV and/or Campground) – 89 campsites, 14 have partial hookups – 82 percent occupancy from Memorial Day through Labor Day.
- Food & Beverage – Small snack bar, no meal service
- Marina
 - Houseboat Rental – None
 - Motor/Ski Boat Rental – Yes, a fairly large inventory of all types
 - Slip Rental – 178 slips with 32 covered – 11-15 years old – 80 percent occupancy
 - Marine Fuel – Yes
 - Marina Store – Yes
 - Dry Storage – Yes (covered and un-covered)
 - Launch Ramp – Yes
- Retail Outlet – Yes. Limited groceries, boating supplies, and gifts.
- Infrastructure – (See “Environmental Compliance and Facility Condition Assessment Report”)
 - Water – Spanish Flat Water District (treated lake water from small private water district that serves the resort and some other adjacent private property users)
 - Sewer – Yes (See “Environmental Compliance and Facility Condition Assessment Report”)
 - Electricity – Commercial
 - Parking – Parking areas not formal and scattered.
 - Roadways – Yes (“Environmental Compliance and Facility Condition Assessment Report”)

Footprint available from departing private trailers – There will be some very significant prime property available in the space from the approximately 157 departing trailers.

General information applicable to future use – The area currently devoted to use by long-term trailers provides outstanding opportunities for various uses including potential RV and cabin areas. The existing cabin layout, although popular with some users, is not laid out as well as would be possible in the vacated trailer area. Similarly, the camping experiences could be enhanced with development of more prime areas not in the traffic flow areas.

Please visit the following website <http://www.usbr.gov/mp/berryessa/prospectus.html> and under the heading for MAPS find the maps that correspond to Spanish Flat. These maps present how the current concession operation is situated.

Lake Berryessa Marina Facilities

- Lodging – Approximately 15 Park Model cabins in parking lot area
- Camping (RV and Campground) – 48 Tent Sites, 29 RV sites with partial hook-ups
- Food & Beverage – Limited to snacks. At times over the last several years, a full F&B operation has existed as a sub-concession
- Marina
 - Houseboat Rental – Yes
 - Motor/Ski Boat Rental – Yes, a full range
 - Slip Rental – 219 slips with 119 covered – 5 to 11 years old – 96 percent occupancy.
 - Marine Fuel – Yes
 - Marina Store – Yes
 - Dry Storage – Yes
 - Launch Ramp – Yes
- Retail Outlet – Yes
- Infrastructure – (See “Environmental Compliance and Facility Condition Assessment Report”)
 - Water – Treat and provide their own water
 - Sewer – Yes, Ponds on the hill and pump station
 - Electricity – Commercial
 - Parking – Marginal, impacted by the installation of Park Model cabins
 - Roadways – Yes (See “Environmental Compliance and Facility Condition Assessment Report”)

Footprint available from departing private trailers – Approximately 117 trailers are currently located at Lake Berryessa Marina. Their departure will result in some valuable shoreline areas available for appropriate development.

General information applicable to future use – Lake Berryessa Marina will have outstanding options for enhancing short-term visitor facilities under a new contract. Options for added RV, campground, cabin use, and marina operations seem likely natural additions at this location.

Please visit the following website <http://www.usbr.gov/mp/berryessa/prospectus.html> and under the heading for MAPS find the maps that correspond to Lake Berryessa Marina. These maps present how the current concession operation is situated.

Rancho Monticello Facilities

- Lodging – 8 cabins at 34 percent occupancy
- Camping (RV & campground) – 46 campsites (tent), 20 partial hookup & 20 full hookup RV sites
- Food & Beverage – Snackbar/fastfood at window service
- Marina
 - Houseboat Rental – None
 - Motor/Ski Boat Rental – Some pontoon and fishing boat rentals
 - Slip Rental – 60 rental slips +8 overnight slips, 100 percent occupancy
 - Marine Fuel – Yes
 - Marina Store – Yes
 - Dry Storage – Yes
 - Launch Ramp – Yes
- Retail Outlet – Yes, limited groceries, boating supplies and gifts.
- Infrastructure – (See “Environmental Compliance and Facility Condition Assessment Report”)
 - Water – Provide own
 - Sewer – Own sewage treatment (See “Environmental Compliance and Facility Condition Assessment Report”)
 - Electricity – Commercial
 - Parking – Yes (See “Environmental Compliance and Facility Condition Assessment Report”)
 - Roadways – Yes (See “Environmental Compliance and Facility Condition Assessment Report”)

Footprint available from departing private trailers – There are currently approximately 570 trailers at Rancho Monticello that will be removed upon expiration of the existing concession contract.

General information applicable to future use – More than any other location on the lake, the opportunities at Rancho Monticello following the departure of the trailers will be significant with the new availability of several coves and peninsulas now devoted to long-term trailers.

Please visit the following website <http://www.usbr.gov/mp/berryessa/prospectus.html> and under the heading for MAPS find the maps that correspond to Rancho Monticello. These maps present how the current concession operation is situated.

Putah Creek Resort Facilities

- Lodging – Yes, single story motel
- Camping (RV and/or campground) – 112 Tent Sites, 55 RV sites (35 full and 20 partial hookups)
- Food & Beverage – Restaurant facility, but only open part time.
- Marina
 - Houseboat Rental - None
 - Motor/Ski Boat Rental - No
 - Slip Rental – 100 slips (26 covered) – 96% occup (Memorial – Labor Day) – Approx. 20 years old
 - Marine Fuel – No dockside service – available on land
 - Marina Store – No
 - Dry Storage – Some
 - Launch Ramp – Yes
- Retail Outlet – limited groceries, boating supplies, & sundries
- Infrastructure – (See “Environmental Compliance and Facility Condition Assessment Report”)
 - Water – Provide own
 - Sewer – Yes (See “Environmental Compliance and Facility Condition Assessment Report”)
 - Electricity – Commercial
 - Parking – Yes
 - Roadways – Yes

Footprint available from departing private trailers – There are currently approximately 142 trailers at Putah Creek Resort that will be removed upon expiration of the existing concession contract.

General information applicable to future use – The removal of trailers will open up currently unavailable lakeshore opportunities for additional new development and improvement of existing services.

Please visit the following website <http://www.usbr.gov/mp/berryessa/prospectus.html> and under the heading for MAPS find the maps that correspond to Putah Creek Resort. These maps present how the current concession operation is situated.

As identified earlier and mentioned in the seven preceding concession area synopses, it is important for prospective offerors to review the applicable sections of the “Environmental Compliance and Facility Condition Assessment Report” for more detailed information on the existing concession facilities and the general condition noted at the time of that report.

Reclamation also intends to begin a major effort at improving government support facilities at Lake Berryessa including a more extensive trail system to eventually encircle the lake, including sections that pass through each concession area.

The current financial health of the seven existing concession operations covers a spectrum from poor to fairly good and seems to reflect their various long-term approaches to conducting business and maintaining facilities, including infrastructure. All of the operators, with the exception of Pleasure Cove, have a strong financial reliance on the revenue received from the long-term trailer sites.

This financial dependence on long-term trailer installations will obviously change in the next contract term and require a critical evaluation of existing short-term facilities and their application to a future business model.

Businesses nearby on the access routes to Lake Berryessa tend to appear not very financially healthy, with the exception of storage yards and dry storage for boats and trailers. Several businesses have been shut down for years.

Reclamation strongly believes that the business malaise that exists both adjacent to and within many of the existing short-term facilities at Lake Berryessa is a symptom of facilities poorly maintained and the associated affiliation with the large, exclusive-use, long-term trailer installations as a business anchor. A large percentage of the traditional recreating public does not even visit Lake Berryessa because of the general lack of physical appeal of dated facilities and the fact that the trailer villages are sited on the prime lakeshore locations in nearly every existing concession operation.

With new, better-sited facilities and business models that focus on the short-term user, the visitor profile will change significantly and be more representative of those Bay Area, Sacramento, and Northern California users who are already using numerous other reservoir areas around the north State located a significantly greater distance from population centers. Given the often-superior natural beauty and lake vistas in combination with new and improved facilities, Lake Berryessa should draw hundreds of thousands of new visitors and compete very successfully with areas such as New Melones, Don Pedro, the Sacramento/San Joaquin Delta, Shasta Lake, Trinity Lake, Lake Oroville, and others that are currently financially successful and draw heavily from populations much nearer and more convenient to Lake Berryessa. Proximity to Napa Valley attractions also provides a potential nexus that will eventually benefit new business models at Lake Berryessa.

B. NO CONTRACTUAL RIGHT OF RENEWAL PREFERENCE

The concession contractors for neither the existing concession contracts that are expiring nor the contracts being solicited by this prospectus have any preferences in regard to renewal for this or future contracts. Concession contractors of record who wish to be considered for new contracts must compete on an equal basis with all other parties submitting proposals.

C. FUTURE FACILITIES

This section of PART 4 would normally describe the planned new or continuing concession facilities and any changes in those facilities that will either be required or allowed in the future. This section would also include a brief description of the facilities the new concession contractor will be responsible for maintaining and constructing. However, as outlined in the “Introduction to the Lake Berryessa Concession Prospectus” and in other areas of the prospectus package, this opportunity is providing extremely flexible opportunities for offerors to identify their own business models (within certain parameters); therefore the prospectus is not identifying exact facilities to be retained or rehabilitated or new facilities to be built (see Sections K and J of PART 3 for more detailed direction). It is important to have a thorough understanding of the existing facilities and their physical condition to assist in the development of proposals that include the retention of any facilities (See the “Environmental Compliance and Facility Condition Assessment Report” on the Lake Berryessa web site identified earlier).

The following chart identifies facilities and services for each concession location outlined by Reclamation in ‘Alternative B as Modified’ and outlined in the ROD and FEIS. These facilities and services are intended to assist in portraying an acceptable business mix for Lake Berryessa concession operations. As identified in the ROD, specific facilities and services are not absolutely required for any location and each offeror has the opportunity to propose an operation that they believe is appropriate in meeting the needs of the public and their own business goals. This chart therefore, is a potential Reclamation snapshot of future Lake Berryessa concession operations but does not compel any bidder to attempt to match it. Please note that there are some components in the chart that are in **SHADED BOLD CAPS** and they are intended to be pieces that Reclamation highly recommends for inclusion either because it is a particularly necessary service, or a certain location lends itself to this activity, or there is an already existing facility in a proper location and good condition. These special highlighted components are likely ones that Reclamation would aggressively address in the final negotiation of contracts if they are not included in a winning proposal. However, in some instances it may be that a recommended service for a certain area is adequately included by a combined bid in a different location and that would be acceptable.

**Lake Berryessa Visitor Services Plan Record of Decision
Framework for Concession Operations (Alternative B as modified)**

	Markley Cove		Pleasure Cove		Steele Park	
Elev 440’ – 455’ MSL	<u>Marina Facilities</u>	<u>Day Use Facilities</u>	<u>Marina Facilities</u>	<u>Day Use Facilities</u>	<u>Marina Facilities</u>	<u>Day Use Facilities</u>
	LAUNCH RAMPS	Picnic sites	LAUNCH RAMPS	Picnic sites	LAUNCH RAMPS	Picnic sites
	SLIP RENTALS (POWER BOATS)			Swim areas		
	SLIP RENTALS (HOUSEBOATS)			Canoe/kayak launch		
	Houseboat rentals		Houseboat rentals	Slip Rentals (Houseboats)	Commercial water ski facilities	
	FISH CLEAN STATION		Power Boat Rental	DRY BOAT STORAGE		
	MARINE FUEL		Dry Boat storage	FISH CLEAN STATION		
		FISH CLEAN STATION		MARINE FUEL		
		MARINE FUEL		Power Boat Rentals		
Elev 455’ MSL – Federal Property Line		<u>Retail Facilities</u>	<u>Overnight Use</u>	<u>Retail Facilities</u>	<u>Overnight Use</u>	<u>Retail Facilities</u>
			RV PARK CAMPGROUND RESTROOM SHOWER LAUNDRY	Food Beverage	HOTEL/MOTEL MID-RANGE COTTAGES RV park	Food/Beverage RESTAURANT Fast food
Elev 455’ MSL <u>plus</u> 100’ LF Buffer – Federal Property Line			RV SEWAGE DUMP		RV sewage dump	

	Spanish Flat		Lake Berryessa Marina		Rancho Monticello	
Elev 440' – 455' MSL	<u>Marina Facilities</u> LAUNCH RAMP SLIP RENTALS Power Boat Rental Dry Boat storage FISH CLEAN STATION MARINE FUEL	<u>Day Use Facilities</u> Picnic sites Swimming area Canoe/kayak launch	<u>Marina Facilities</u> LAUNCH RAMP SLIP RENTALS FISH CLEAN STATION MARINE FUEL Power Boat Rental	<u>Day Use Facilities</u> Picnic sites	<u>Marina Facilities</u> LAUNCH RAMP SHORT- TERM DOCKING DRY BOAT STORAGE FISH CLEAN STATION MARINE FUEL Power Boat Rental	<u>Day Use Facilities</u> Picnic sites Swimming areas Canoe/kayak launch
Elev 455' MSL – Federal Property Line	<u>Overnight Use</u> Lodging Center Cabins	<u>Retail Facilities</u> <u>Food / Beverage Cafe</u> <u>Overnight Use</u> Campground Restroom/shower /laundry	<u>Overnight Use</u> Overnight Center Higher End Cabins RV Park	<u>Retail Facilities</u> <u>Food/Beverage Restaurant or Cafe</u>	<u>Overnight Use</u> RV Park Restroom/S hower/ Laundry Cabins Hostel	<u>Retail Facilities</u> <u>Food / Beverage Restaurant/Cafe</u> <u>Overnight Use</u> CAMPGROUND RESTROOM/SOWER/ LAUNDRY
Elev 455' MSL plus 100' LF Buffer – Federal Property Line			RV sewage dump station		RV sewage dump station	

	Putah Creek	
Elev 440' – 455' MSL	<u>Marina Facilities</u> LAUNCH RAMP OVERNIGHT SLIPS FISH CLEAN STATION MARINE FUEL	<u>Day Use Facilities</u> Picnic sites Swimming area
Elev 455' MSL – Federal Property Line	<u>Overnight Use</u> CAMPGROUND RESTROOM/SHOWER / LAUNDRY RV park Lodge Type Rooms Some Meeting Room Options	<u>Retail Facilities</u> <u>Food / Beverage</u> Restaurant/Cafe Snack Bar
Elev 455' MSL <u>plus</u> 100' LF Buffer – Federal Property Line		RV sewage dump

D. CONCESSION FACILITIES IMPROVEMENT PROGRAM

Again, as previously outlined, with the flexibility inherent in this contract, Reclamation is not specifying a building program; however, the proposed building and development programs of the various proposals will be an important part of the proposal evaluation as identified in PART 5 of this prospectus. Once the best proposal(s) are determined for the seven concession opportunities, Reclamation will develop wording for Section 4 of the contract based upon the winning offeror's proposal. All offerors should be aware that they will be expected to abide by any offers or programs proposed in their proposal, and if they retract or otherwise indicate an unwillingness to perform as proposed, that will be adequate reason to select another offeror or to declare a default if a contract is already negotiated.

Similarly, the length of the contract term will be a factor of the winning proposal. Final determination will be a factor of the level of investment and revenue projection. All things being equal between competing proposals, Reclamation will prefer a shorter time period over a longer one. Please review Section L of PART 3 and PART 7.10 (appraisal of all seven concession contractor facilities) for more detailed information on compensation to outgoing concession contractors.

New concessionaires (unless they also happen to be the current concessionaire in a new contract) are not financially responsible for the removal of existing facilities that are not designated to remain (*not be removed*) into the next contract term.

E. FUTURE SERVICES AND FACILITY AMBIANCE

Future services are those proposed or necessary to operate the indicated visitor facilities at each concession location. Services will be provided, based upon the successful proposals, to the general public for the likely operation of campgrounds, RV parks, marinas, retail and food & beverage sales, and any other active commercial programs. Efforts to improve the quality of service beyond the existing levels are also an expected part of any likely winning proposals. Offerors need to make a strong effort to identify their proposed level of service and ambiance for each activity. Offerors should pay close attention and adhere to Reclamation's Concession Directives and Standards (LND 04-01) (see Sec. 3.B.8 of this prospectus) that reads, "Facilities must be harmonious in form, line, color, and texture with the surrounding landscape."

The following are examples of how some levels of service and ambiance might be described:

- Lodging (Cabins) – Cabin installations will include appropriate pastoral landscaping for the Lake Berryessa area; parking areas that do not detract from the experience or the cabin surroundings; separation between other structures for reasonable privacy; and furniture and amenity packages chosen with the purpose of establishing an ambiance that is uncluttered, relaxing, and fostering a quality customer experience expected when staying at a 'cabin in the woods.' Employees will be trained to recognize the expectations of guests in cabin facilities and project an attitude compatible with those expectations.
- Lodging (Motel) – The motel installation proposed is designed to have architectural components that separate it from typical commuter motels in normal developed commercial areas. The interior layout, furniture, and amenity packages will also re-enforce the area's theme and portray a relaxing but functional ambiance. Placement of parking, maintenance, and utility areas will be considered to assure that customers with rooms on the side opposite the lake will have a pleasing, non-industrial-type view. Employees will be trained to recognize the expectations of guests in the overnight facilities and project an attitude compatible with those expectations.
- Food & Beverage (Full Service Restaurant) – The restaurant facility will be architecturally designed internally and externally to project an ambiance that suggests an experience beyond the food and drink available. It links with the other services and facilities at this concession and provides guests with a comfortable and enjoyable introduction or closeout to a day at the lake. The menu will offer a variety of selections that feature 'California Cuisine' adapted for the likely recreational clientele at Lake Berryessa. Employees will be trained to recognize the expectations of dining guests and family groups and project an attitude compatible with those expectations.
- Marina Operations – All marina facilities will be easy to access without unreasonable transitions from one walking surface to another. Facilities will be attractive without unsightly hoses, lines, or equipment in seeming disarray that detracts from the appearance or an efficient

operation. Procedures and equipment will be designed to effectively handle water fluctuations and the need to adjust the position of the floating facilities. There will be no unenclosed foam flotation utilized on any of the docks. Wastewater pumpout facilities will be available at no charge at a public-use dock facility. Employees will be trained to recognize the expectations of marina users and project an attitude compatible with those expectations.

- Retail Operations – All retail sales areas will be designed to be architecturally compatible with other facilities. The inside sales area will not be cluttered and will permit access throughout the store to disabled shoppers who may be using a wheelchair, scooter, or walker. Employees will be trained to be knowledgeable regarding the retail items sold and able to assist guests in finding the items they need.
- Other Operations – Similar descriptive wording to the preceding samples. Exact services and level of ambiance will be determined as identified elsewhere through the proposal process.

Offerors do not have to consider all business activities as necessary for year-round operation. Suggested seasonal or limited services for certain times of the year will not be considered as a less-desirable proposal but a reasonable identification of less or no demand at certain times of the year for particular services. Lengthening or shortening of original dates of operation will be possible based on actual business patterns observed and following discussion with Reclamation.

Special interpretive and recreation programs that would enhance visitors' educational and recreational experiences and be consistent with Reclamation objectives, resource preservation and protection standards, and safe use of the Lake Berryessa resources are permitted and encouraged. Boating safety, fishing contests, history and cultural programs (Native Americans, pioneers, wine industry, etc), and similar interpretive presentations are examples of activities that would be appropriate for Lake Berryessa.

F. BASIC FINANCIAL INFORMATION

Because of the nature of this prospectus and eventual contracts outlined in the Introduction and the other sections of the prospectus, Reclamation is not providing any gross revenue projections as is normally the approach. In typical prospectus opportunities, the entire business model is essentially complete and identified in the Draft Contract and other prospectus sections. The many possible variations and combinations of business activities fostered by the approach in this prospectus preclude Reclamation from providing any meaningful financial Pro Forma's. As part of the planning process, Reclamation did complete an economic feasibility analysis for one scenario that demonstrated a satisfactory opportunity for financial success. As a part of the analysis and evaluation of proposals, Reclamation will have a 'subject matter expert' as part of the team who is qualified and has experience in reviewing economic feasibility within the Hospitality and Commercial Recreation industries. Offerors should understand that proposals evaluated and found to have financially unreasonable projections may be determined to be non-responsive.

The following financial data displayed for the seven individual concession contractors at Lake Berryessa covers the 6 years preceding the issuance of this prospectus. Because of the significant changes that will occur to the business models at six of the seven concession operations, this data may only have limited value. Most of the existing operations have a significant reliance on long-term trailer site rentals that will not be a factor in the next contract covered by this prospectus; however, this information may assist in demonstrating some minimum existing business levels and returns at Lake Berryessa for short-term facilities and services. The existing facilities and programs for short-term users at Lake Berryessa are, on

average, of lower quality than most of the other similar hospitality and recreation-based commercial operations provided on public lands within areas of Northern California that could reasonably be considered as competing for the same users and available recreation/vacation dollars. Reclamation strongly believes that upgrades of existing facilities and development of new facilities serving the short-term public will result in a significant increase in use and associated revenue at Lake Berryessa. Future business growth at Lake Berryessa is especially likely when potential offerors consider the choice location and natural beauty in relation to the geographic population centers of Northern California.

**Lake Berryessa Concession Contractor Revenue Totals
2000 – 2005**

2000

Resorts	Gross Receipts	Adjusted Gross	Franchise Fee Rate	Franchise Fees
Putah Creek Resort	\$1,326,007.56	\$1,299,778.38	3.00%	\$38,993.35
Rancho Monticello	\$2,241,210.71	\$2,159,695.36	3.00%	\$64,790.86
Lake Berry. Marina	\$1,585,058.00	\$1,505,666.00	3.00%	\$45,169.98
Spanish Flat	\$1,800,867.66	\$1,690,920.93	3.00%	\$50,727.63
Steele Park	\$2,590,143.67	\$2,567,565.67	3.00%	\$77,026.97
Pleasure Cove	\$909,221.00	\$883,598.00	2.50%	\$22,089.95
Markley Cove	\$819,385.00	\$806,171.00	1.50%	\$12,092.57
Totals	\$11,271,893.60	\$10,913,395.34		\$310,891.31

2001

Resorts	Gross Receipts	Adjusted Gross	Franchise Fee Rate	Franchise Fees
Putah Creek Resort	\$1,340,440.72	\$1,311,063.37	3.00%	\$39,331.90
Rancho Monticello	\$2,183,346.00	\$2,021,775.00	3.00%	\$60,653.25
Lake Berry. Marina	\$1,918,337.00	\$1,839,072.00	3.00%	\$55,172.16
Spanish Flat	\$1,962,549.27	\$1,883,197.16	3.00%	\$56,495.91
Steele Park	\$2,819,253.23	\$2,819,253.23	3.00%	\$84,577.60
Pleasure Cove	\$893,764.51	\$853,835.86	2.50%	\$21,345.90
Markley Cove	\$873,598.00	\$865,638.00	1.50%	\$12,984.57
Totals	\$11,991,288.73	\$11,593,834.62		\$330,561.29

2002

Resorts	Gross Receipts	Adjusted Gross	Franchise Fee Rate	Franchise Fees
Putah Creek Resort	\$1,309,707.46	\$1,288,243.57	3.00%	\$38,647.31
Rancho Monticello	\$2,972,947.00	\$2,779,900.00	3.00%	\$83,397.00
Lake Berry. Marina	\$1,966,710.00	\$1,890,958.00	3.00%	\$56,728.74
Spanish Flat	\$2,068,010.12	\$1,994,777.54	3.00%	\$59,843.33
Steele Park	\$2,804,244.00	\$2,767,381.00	3.00%	\$83,021.43
Pleasure Cove	\$845,407.45	\$749,176.49	2.50%	\$18,729.00
Markley Cove	\$894,357.53	\$886,386.66	1.50%	\$13,295.80
Totals	\$12,861,383.56	\$12,366,823.26		\$353,662.61

2003

Resorts	Gross Receipts	Adjusted Gross	Franchise Fee Rate	Franchise Fees
Putah Creek Resort	\$1,332,956.15	\$1,300,378.55	3.00%	\$39,011.36
Rancho Monticello	\$3,056,926.00	\$2,861,850.00	3.00%	\$85,855.50
Lake Berry. Marina	\$1,931,626.00	\$1,854,869.00	3.00%	\$55,646.07
Spanish Flat	\$2,183,477.35	\$2,104,170.44	3.00%	\$63,125.11
Steele Park	\$2,749,115.90	\$2,749,115.90	3.00%	\$82,473.48
Pleasure Cove	\$1,378,099.22	\$1,332,941.95	2.50%	\$33,323.55
Markley Cove	\$965,387.00	\$956,521.00	1.50%	\$14,347.82
Totals	\$13,597,587.62	\$13,159,846.84		\$373,782.88

2004

Resorts	Gross Receipts	Adjusted Gross	Franchise Fee Rate	Franchise Fees
Putah Creek Resort	\$990,167.68	\$963,156.99	3.00%	\$28,894.71
Rancho Monticello	\$3,438,028.37	\$3,270,610.83	3.00%	\$98,118.32
Lake Berry. Marina	\$2,075,262.00	\$1,991,802.00	3.00%	\$59,754.06
Spanish Flat	\$2,155,432.90	\$2,093,997.90	3.00%	\$62,819.94
Steele Park	\$2,921,514.85	\$2,921,514.85	3.00%	\$87,645.45
Pleasure Cove*	-	-	0.00%	\$1,000
Markley Cove	\$1,014,853.99	\$997,205.73	1.50%	\$14,958.09
Totals	\$12,595,259.79	\$12,268,288.30		\$353,190.57

2005

Resorts	Gross Receipts	Adjusted Gross	Franchise Fee Rate	Franchise Fees
Putah Creek Resort	\$1,034,363	\$1,023,900	3.00%	\$30,717
Rancho Monticello	\$3,292,022	\$3,103,409	3.00%	\$93,102
Lake Berry. Marina	\$2,172,962	\$2,106,931	3.00%	\$63,208
Spanish Flat	\$2,133,353	\$2,069,008	3.00%	\$62,070
Steele Park	\$2,933,568	\$2,933,568	3.00%	\$88,006
Pleasure Cove*	-	-	0.00%	\$1,000
Markley Cove	\$1,072,448	\$1,051,801	1.50%	\$15,777
Totals	\$12,638,716	\$12,289,089		\$353,881

* In 2004 and 2005, Pleasure Cove contractors entered into interim contracts that required a \$1000 per year franchise fee in the contract terms.

G. ENVIRONMENTAL MANAGEMENT

The new concession contractor(s) will develop, document, implement, and comply fully with a comprehensive written Environmental Management Program (EMP) to achieve the environmental management objectives as per the concession contract Section 3. The proposed EMP will become Exhibit O to the concession contract once the submitted plan from a successful offeror is approved by Reclamation. The EMP will be updated and submitted for approval annually. The draft EMP submitted by offerors will be a part of the proposal evaluation criteria outlined fully in PART 5 of this prospectus.

Pleasure Cove is the only current concession contractor that has an approved EMP as it was a condition of their contract executed in 2005.

All of the existing concession contractors have fuel storage tanks. All are aboveground, and Reclamation believes they are all currently in compliance with applicable codes. Reclamation is not aware of any remaining underground fuel storage tanks.

In evaluating the existing conditions that may impact offerors in regard to this section, it would be advisable to again review the “Environmental Compliance and Facility Condition Assessment Report” on the Lake Berryessa Prospectus web site.

H. RISK MANAGEMENT PROGRAM (SAFETY)

The new concession contractor(s) shall be required to provide a safe and healthful environment for all employees and visitors. The concession contractor must meet the risk management performance standards as described in the concession contract (Section 3.O) and develop a Risk Management Program in accordance with these standards. One requirement of the performance standards is that the concession contractor performs annual or as necessary self-inspections to ensure compliance with all applicable health and safety regulations and standards. The concession contractor must also provide appropriate training for employees and staff as set forth in the risk management exhibit, Exhibit M.

I. MAINTENANCE

The new concession contractor(s) will be assigned lands and in the case of Pleasure Cove concession facilities in their assigned areas that are necessary for the concession operation; these lands and facilities must be maintained in a manner acceptable to Reclamation. The new concession contract(s) will specify the concession contractor responsibilities for maintenance, repairs, housekeeping, and grounds keeping of all concession facilities and lands assigned. The standards and minimum requirements are established in the Maintenance Plan, Exhibit F to the draft contract (PART 6.F of this prospectus), which the concession contractor must agree to in order to have a responsive proposal. In the proposal, the offeror(s) must submit clarifications and additions to the Draft Maintenance Plan that are consistent with their specific proposal in this flexible prospectus and in general compliance with Draft Concession Contract (Section 4.H and Exhibit F). The proposed additions or changes must be approved by Reclamation before being included in the final concession contract. Some of the points will await final negotiation and determination by Reclamation once the successful offeror(s) are identified. The response to the maintenance needs inherent in the concession operation(s) and the identified documents will be a part of the proposal evaluation criteria outlined in PART 5 of this prospectus.

J. OPERATING PLAN

Offerors must submit, as part of their proposal to this prospectus, additions or changes to the Draft Contract Exhibit G (Operating Plan) that are consistent with the concession contract and that apply directly to their unique proposal on one or more locations at Lake Berryessa. The Draft Operating Plan (PART 6 – Exhibit G) presented in this prospectus should serve as a template for preparing the actual proposed plan. The ‘template’ provides applicable standards of operation for various departments, i.e., lodging, marinas, food & beverage, retail, etc. that should apply to the specific plans to be proposed by individual offerors.

K. RESERVE ACCOUNT FOR FACILITIES IMPROVEMENT

A typical Reserve Account for Facilities Improvement (RAFI) is briefly discussed below and in more detail in PART 6 – Exhibit K of this prospectus. This is another area of the prospectus that is impacted by the flexible proposal approach identified throughout the prospectus. Reclamation believes strongly that a contract instrument that accomplishes or assures the goals of the described RAFI is necessary, and it is unlikely that any offeror will be successful without proposing such an approach or some type of meaningful substitute; however, since the exact type of an eventual required Capital Improvement Program is to be determined by the proposals received in response to this prospectus, Reclamation will consider proposals for other instruments or approaches that similarly assure the long-term financial support for necessary major repairs and specially approved maintenance projects. The following is a presentation in the standard prospectus wording outlining a RAFI for offerors to review and utilize:

Funding for routine, day-to-day maintenance will be covered by the concessionaire’s operating expenditures. However, funding for projects that qualify as concession capital improvements will come from a RAFI established and maintained by the concessionaire and to which the concessionaire will make monthly or annual deposits. It would be preferable to specify such improvements in a capital improvement program prepared as part of the bidder’s feasibility study before issuing the concession contract. However, if a specific capital improvement plan is not prepared in advance of entering into the concession contract, capital improvements will be specified during the term of the concession contract, for which funds will be drawn from the RAFI. In many instances throughout the business community, this type of a fund is known as a ‘Maintenance Reserve Account.’

The new concession contract normally requires that the concessionaire establish and maintain a RAFI as a percentage of gross receipts (see contract exhibit H [Improvement Project Procedures] and contract exhibit K [Reserve Account for Facilities Improvement] in the Draft Concession Contract). This reserve account will be used as approved and/or directed by Reclamation for major capital improvements as well as for special repair and maintenance projects — namely, those that are nonrecurring within a 7-year time frame such as foundation replacement, electrical, plumbing and heating systems, or roof replacement. The RAFI will not be used for routine repairs or maintenance — that is, repairs and maintenance that normally recur within a 7-year time frame; therefore, the amount of funds available in the RAFI will not limit in any way the responsibility of the concessionaire to perform routine repair and maintenance functions or to carry out necessary major repairs if the RAFI does not provide adequate funding and its housekeeping and ground-keeping responsibilities (see the description of RAFI in PART 6 Exhibit K of this prospectus).

The concession contractor will be entitled to recover compensation for Reclamation approved improvements made with funds from the RAFL. Recovery value is termed Capital Investment Recovery (CIR) (see the description of CIR in Contract Exhibit C and section 4.I in the concession contract).

L. UTILITIES

Reclamation will not be providing any utilities to the concession operations at Lake Berryessa. The existing operations are obtaining their utilities as follows:

LAKE BERRYESSA UTILITIES

Markley Cove	
Potable Water	Operate own water system
Sewer	Operate own sewage treatment system/pond
Electricity	Commercial – PG&E
Garbage	Commercial pick up – Berryessa Garbage
Pleasure Cove	
Potable Water	Operate own water system
Sewer	Operate own sewage treatment system/pond
Electricity	Commercial – PG&E
Garbage	Commercial pick up – Berryessa Garbage
Steele Park	
Potable Water	Napa Berryessa Resort Improvement District
Sewer	Napa Berryessa Resort Improvement District
Electricity	Commercial – PG&E
Garbage	Commercial pick up – Berryessa Garbage
Spanish Flat	
Potable Water	Spanish Flat Water District
Sewer	Operate own sewage treatment system/pond
Electricity	Commercial – PG&E
Garbage	Commercial pick up – Berryessa Garbage
Lake Berryessa Marina	
Potable Water	Operate own water system
Sewer	Operate own sewage treatment system/pond
Electricity	Commercial – PG&E
Garbage	Commercial pick up – Berryessa Garbage
Rancho Monticello	
Potable Water	Operate own water system
Sewer	Operate own sewage treatment system/pond
Electricity	Commercial – PG&E
Garbage	Commercial pick up – Berryessa Garbage for household garbage
Putah Creek Resort	
Potable Water	Operate own water system

Sewer	Operate own sewage treatment system/pond
Electricity	Commercial – PG&E
Garbage	Commercial pick up – Berryessa Garbage

All the potable water is pumped from the lake and treated.

All offerors should review the “Environmental Compliance and Facility Condition Assessment Report” and consult with Napa County Department of Environmental Management, and the Central Valley Regional Water Quality Control Board for any of the concession locations they are considering submitting proposals upon as there is a wide range of utility facilities with some displaying serious operational and maintenance problems. It is especially important that offerors consider their planned approach for delivering potable water and handling sewage. Where new facilities are necessary, offerors should consider the applicability of (1) combining systems for multiple operations or (2) if a single offeror is selected, to operate multiple locations the development of a multi-location water or wastewater system(s). The offeror address of water and waste water issues will be one of the factors closely reviewed in the proposal evaluation process by Reclamation.

M. LENGTH OF TERM AND EFFECTIVE DATE OF NEW CONCESSION CONTRACT

Again, based upon the flexible proposal approach being used for this multiple concession opportunity, the exact contract lengths in ‘*number of years*’ will be determined as part of the proposal process. Everything else being equal during the evaluation and selection process, Reclamation will always consider that a shorter term is preferable to a longer term. Proposed terms should be supportable based upon the level of investment indicated and the anticipated return.

The effective dates for a new contract(s) may also vary and will initially be a factor of the expiration date of the existing concession operations bid upon. Ideally, if a contract is expiring on the 15th of a particular month, the new contract will begin on the 16th of the same month; however, the overall complexity of this prospectus and the potential for a single offeror to successfully compete for more than one operation may lead to adjusted dates following final negotiations and combined contracts.

N. FRANCHISE FEE

A franchise fee is a payment to the Government that is considered a direct return to the Government upon consideration of the probable value to the concession contractor of the use, rights, and privileges granted by this concession contract. Such probable value shall be based upon a reasonable opportunity for net profit in relation to capital invested and the obligations of the concession contract.

This is another area in this prospectus and the eventual contract that ‘*is to be determined*’ based upon the proposals received. In a typical prospectus, the franchise fee already has a pre-determined minimum based upon the anticipated investment, level of projected business, and contract length. These factors will not be known for these concession opportunities at Lake Berryessa until the proposals are received. Offerors are expected to propose a franchise fee level as a part of their proposal. Not only do offerors need to propose a franchise fee approach, but they also need to provide a well-developed and defensible discussion on how and why they arrived at their position. Reclamation will consider a wide range of franchise fee approaches including a fee of 0 percent (zero percent) if properly supported.

Franchise fees due the Government are secondary in importance to the appropriate development of facilities, provision of services to the public, and a reasonable opportunity for a concession contractor to realize a profit. Reclamation recognizes that there will be demands on a new concession contractor to provide funding for various improvements that will be proposed by any successful offeror(s). Everything being equal between two proposals, a higher franchise fee will be considered a better proposal than a lower fee. Reclamation will very closely review franchise fee proposals in conjunction with the overall financial pro-forma's submitted in response to this prospectus. Proposals that are judged to be unsupportable or economically infeasible may be found non-responsive in total or at the least be rated much lower than proposals judged to be economically reasonable.

The response to this prospectus may also specify an opportunity for the offeror to propose a tiered franchise fee. That is, the fee might be at a lower level for revenues up to a certain amount, then at an increased level for revenues over a certain amount. This would allow concession contractors to minimize their risk while also allowing Reclamation to benefit from higher-than-expected concession revenues.

The issue of franchise fees is very complex and tied in with all other segments of the proposal that have an impact on investment and/or revenue. Very detailed consideration and position development by all offerors is necessary in arriving at their proposed franchise fees.

O. RECOVERY VALUE OF IMPROVEMENTS

Please review PART 3 – Section L (*Instructions and Discussion Regarding Public Law 96-375 and Compensation to Outgoing Concessionaires by New Concessionaires for Existing Facilities to be Retained for Future Use During a New Contract*) of this prospectus. Also please review PART 7.10 (Concession Appraisal Documents) of this prospectus.

Offerors on this concession opportunity have a significant level of flexibility in determining which existing facilities they intend to utilize if selected as a concession contractor for the next contract(s) term. Review of PART 3 – Section L and PART 7.10 identifies the process and the level of compensation due for any existing facilities selected to remain. The actual determination on which existing facilities to continue using and the process for compensation approach (both based upon Public Law 96-375) is unique to this concession opportunity in comparison to typical prospectuses/contracts. It is also not the same as that prescribed in Reclamation Concessions Policy and the associated Directives and Standards; however, the applicable Public Law is pre-eminent and will be followed during the transition from the existing contracts to the new contract(s).

Current concession contractors hold a right of value recovery, as outlined in Public Law 96-375, for facilities that are identified by Reclamation to remain. The compensable interest in the new contract(s) will be called Capital Investment Recovery (CIR). It will be the new concession contractor's obligation, when entering into the new concession contract, to pay the existing (outgoing) concession contractor for its CIR value on any facilities identified to remain into the next contract term. This payment from incoming to outgoing concession contractor for retained facilities will not apply if the outgoing concession contractor is selected to be the new incoming concession contractor in the same location.

Similarly, the new concession contractor will then hold CIR's in those improvements for which it paid the former concession contractor upon entering into the new concession contract. The new concession contractor will obtain additional CIR's in any new improvements made with concession contractor funds during the term of the new concession contract, including improvements made using funds from the

RAFI. Those CIR's will be valued according to the process described in section 14 of exhibit C of the concession contract.

At the end of the new concession contract, the concession contractor will have a right to recover the value of its CIRs, identified by Reclamation to remain into the contract term following this opportunity, if it does not obtain the new concession contract.

If the compensation for CIR that is ultimately determined to be due the former concession contractor under the expiring contract differs from the CIR identified in the Reclamation appraisal (PART 7.10) for the purposes of this prospectus (and assumed by the successful offeror/new concession contractor), an adjustment will be made to the franchise fee or other financial obligations to be paid under the new concession contract so as to not affect the net financial impact on the new concession contractor.

P. PERSONAL PROPERTY

In preparation of this Prospectus Reclamation asked all of the existing concession contractors, in writing, if they wished to provide a list of personal property used in their operation that they would want to sell to a new operator if they are no longer the concession contractor in the next contract term.

Only Lake Berryessa Marina responded positively and Reclamation will retain their information for eventual provision to a successful offeror at the Lake Berryessa Marina location if it is not the current concession contractor. Some other concession contractors indicated no desire to sell personal property to a new and different concession contractor and some did not respond to the inquiry so it is unknown as to their eventual interests in this matter.

This matter is only offered as a convenience to both the current and potential new concession contractors to augment any eventual transfer to a different concession contractor. This issue should have no impact on the proposals to this prospectus from either current or potential new concession contractors.

The existing concession contractor owns personal property used in the business. A new concession contractor is not required to purchase this personal property but may wish to do so if it can reach agreement with the existing concession contractor on terms that are mutually acceptable. Reclamation will not be involved in any such transaction. **The property purchased and the transaction prices will be entirely up to the buyer and seller. The fact that the final purchase price may be greater than estimated by an offeror will not be grounds for adjustment of the terms of the concession contract or other financial relief to the new concession contractor.**

Q. RELEVANT RECLAMATION CONCESSION POLICY AND DIRECTIVES AND STANDARDS

See PART 6 – Exhibit L of this prospectus for the applicable Directives & Standards.

R. SITE VISITS

Informational briefings and site visits will be held according to the following schedule:

June 19, 2007

10:00 a.m. – Introduction to visits of the day and ground rules (Lake Berryessa HQ)
Putah Creek Tour
Rancho Monticello Tour
Lake Berryessa Marina Tour
Spanish Flat Tour
Questions/Answers re: Prospectus and Tours (Spanish Flat)

June 20, 2007

10:00 a.m. – Introduction to visits of the day and ground rules (Lake Berryessa HQ)
Steele Park Tour
Pleasure Cove Tour
Markley Cove Tour
Questions/Answers re: Prospectus and Tours (Markley Cove)

June 21, 2007

10:00 a.m. – Introduction to visits of the day and ground rules (Lake Berryessa HQ)
Pick up tours
Questions/Answers re: Prospectus and Tours (HQ)

The above tour schedule may require adjustment in the field based on actual time frames, but the intent is to accomplish the indicated tours and meetings during the days specified even if it requires later hours.

Any information provided during the site visit or at any other time must be made available to all offerors. During the meetings before and after the site tours, Reclamation will provide someone to capture all of the questions and answers for later transcription. Any questions asked and the answers given must be presented to all offerors. Reclamation will be careful in answering some questions during the tours if it seems that the question and the answer cannot be appropriately captured. Similarly, questions will not generally be answered on the telephone but will require a written request (e-mail is OK) and written response from Reclamation. In order to not be an obstruction, Reclamation may elect to answer some clarifying questions that do not seem to present any benefit to the asker as it applies to the proposal process; however, the determination as to what is and is not ‘clarifying’ will be made by Reclamation at the time a question is posed.

Please review PART 3 – Section B regarding the scheduled ‘*midstream*’ prospectus meeting scheduled for July 9, 2007, 9:00AM at the Lake Berryessa Reclamation Office.

The easiest way to avoid any potential problem is to put all information and answers to any question in writing, making sure this information is received by all offerors.